

GRANT TOWNSHIP

Oceana County, Michigan

Audit Report

June 30, 2004

Nicholas D. Lahr
Certified Public Accountant
198 North Michigan Avenue
Shelby, Michigan 49455

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Grant	County Oceana
Audit Date 6/30/04	Opinion Date 12/13/04	Date Accountant Report Submitted to State: 12/26/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

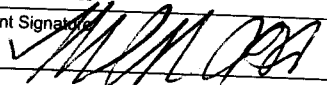
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓
	✓		

Certified Public Accountant (Firm Name) Nicholas D. Lahr, CPA			
Street Address 198 N. Michigan		City Shelby	State MI
Accountant Signature 		ZIP 49455	Date 12/26/04

**Grant Township
Township Board
June 30, 2004**

Supervisor	David Woller
Clerk	William H. Wager
Treasurer	Walter Kroll
Trustee	Kent Briggs
Trustee	Fred Delaney
Assessor	William H. Wager

Grant Township
Oceana County, Michigan
June 30, 2004

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NICHOLAS D. LAHR
CERTIFIED PUBLIC ACCOUNTANT

MEMBER
Michigan Association of
Certified Public Accountants
American Institute of
Certified Public Accountants

198 North Michigan Ave.
Shelby, MI 49455
Phone: (231) 861-4786
Fax: (231) 861-6481
E-Mail: ndlahr@yahoo.com

December 13, 2004

Local Audit and Finance Division
Michigan Department of Treasury
430 West Allegan 4th Floor
Lansing Michigan 48922

Re: Grant Township, Oceana County
Audit as of June 30, 2004

Dear Sir:

This report on auditing procedures is written pursuant to Section 7 (2) of the Public Act 2, P.A. of 1968, as amended. We have made an examination of the financial statements of the above-mentioned local unit of government. Our opinion, dated December 13, 2004, with respect to these statements is included in our accountant's report submitted to you under date of December 13, 2004.

In connection with the foregoing examination, we have complied with the minimum requirements as outlined in your publication, "Bulletin for the Audits of Local Units of Government in Michigan" (BUGSLUG), as revised.

In accordance with the provisions of P.A. 275 of 1980, as amended, there are no accumulated deficits in the various fund balances of the above local unit, other than as disclosed in the financial statements including the notes thereto. In addition, we found no substantive instances of noncompliance with the provisions of P.A. 2 of 1968 (the Uniform Accounting and Budgeting Act) as amended, other than as disclosed in the financial statements including the notes thereto, or as described in the report of comments and recommendations as prescribed by the reporting guidelines for instances of noncompliance included in Appendix B of the BUFALUG manual.

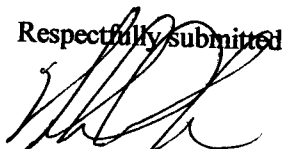
I hereby state and affirm that I am a certified public accountant registered to practice in the State of Michigan and an independent insofar as that term is defined in our profession.

We did not issue a report of comments and recommendations.

In our accountant's report for the local unit, which covered the period mentioned above, we have expressed an unqualified opinion.

In the last previous accountant's report for the local unit, which covered the period July 1, 2002 to June 30, 2003, and unqualified opinion was expressed.

Respectfully submitted



Nicholas D. Lahr
Certified Public Accountant

NICHOLAS D. LAHR
CERTIFIED PUBLIC ACCOUNTANT

MEMBER
Michigan Association of
Certified Public Accountants
American Institute of
Certified Public Accountants

198 North Michigan Ave.
Shelby, MI 49455
Phone: (231) 861-4786
Fax: (231) 861-6481
E-Mail: ndlahr@yahoo.com

December 13, 2004

Board of Trustees
Grant Township
2416 Winston Road
Rothbury, MI 49452

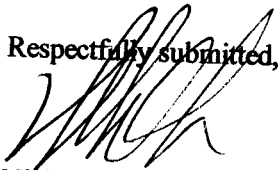
INDEPENDENT AUDITOR'S REPORT

We have audited the combined financial statements for the Grant Township as of and for the year ended June 30, 2004, as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Grant Township, as of June 30, 2004, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

Respectfully submitted,


Nicholas D. Lahr
Certified Public Accountant

Grant Township
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2004

Exhibit I

	Governmental Fund Types General Fund Balance	Fiduciary Funds Trust & Agency Fund
ASSETS		
Cash & Cash Equivalents (Note 2)	\$ 67,676	\$ 8,256
Property & Equipment (Note 3A)		
Amount Provided for Long Term Debt (Note 3B)		
Prepaid Insurance	9,362	
TOTAL ASSETS	<u>77,038</u>	<u>8,256</u>
LIABILITIES AND FUND EQUITY		
Liabilities		
Notes Payable	\$ 557	\$ - 0 -
Total Liabilities	<u>557</u>	<u>- 0 -</u>
Fund Equity		
Investment in Fixed Assests		
Fund Balance	76,481	8,256
Total Equity	<u>76,481</u>	<u>8,256</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 77,038</u>	<u>\$ 8,256</u>

The Notes to the Financial Statements are an integral part of this statement

Grant Township
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2004

Account Groups		
<u>Fixed Asset Group</u>	<u>Long Term Debt</u>	<u>Total (Memo Only)</u>
\$ 1,067,803	\$	\$ 75,932
		1,067,803
	160,000	160,000
<u>1,067,803</u>	<u>160,000</u>	<u>9,362</u>
		<u>1,313,097</u>
\$ - 0 -	\$ 160,000	\$ 160,557
- 0 -	160,000	160,557
1,067,803		1,067,803
<u>1,067,803</u>		<u>84,737</u>
		1,152,540
<u>\$ 1,067,803</u>	<u>\$ 160,000</u>	<u>\$ 1,313,097</u>

The Notes to the Financial Statements are an integral part of this statement

Grant Township
Statement of Revenues, Expenditures, and Changes in Fund Balance
General Fund
For Year Ended June 30, 2004

Exhibit II

	<u>General Fund</u>
REVENUES	
Property Taxes	\$ 148,476
License & Permits	33,159
State Revenue Sharing	178,298
Interest	651
Other Revenue	93,904
TOTAL REVENUES	<u>454,487</u>
EXPENDITURES	
Legislative (TWP Board)	35,770
General Government	
Supervisor	8,832
Treasurer	16,555
Assessor	14,000
Clerk	16,412
Elections	37
Building & Grounds	83,306
Cemetery	3,427
Public Safety	
Fire Protection	176,334
Police	4,193
Public Works	
Highways & Streets	27,819
Recreation and Culture	
Library	12,814
Interest	7,965
Other	9,835
TOTAL EXPENDITURES	<u>417,297</u>
Excess (Deficiency) of Revenues Over Expenditures	37,190
Other Financing Sources (uses)	
Debt Reduction	(40,000)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources	(2,810)
Fund Balance July 1, 2003	<u>79,291</u>
Fund Balance June 30, 2004	<u><u>\$ 76,481</u></u>

The Notes to the Financial Statements are an integral part of this statement

Grant Township
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – General Fund
For Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Exhibit III</u> <u>Variance</u> <u>Over</u> <u>(Short)</u>
REVENUES			
Property Taxes	\$ 130,000	\$ 148,476	\$ 18,476
License & Permits	15,000	33,159	18,159
State Revenue Sharing	160,000	178,298	18,298
Interest	1,000	651	(349)
Other Revenue	36,000	93,904	57,904
TOTAL REVENUES	<u>342,000</u>	<u>454,487</u>	<u>112,487</u>
EXPENDITURES			
Legislative (TWP Board)	25,000	35,770	10,770
General Government			
Supervisor	9,000	8,832	(168)
Treasurer	14,000	16,555	2,555
Assessor	12,500	14,000	1,500
Clerk	14,000	16,412	2,412
Elections	10,000	37	(9,963)
Building & Grounds	27,000	83,306	56,306
Cemetery	5,000	3,427	(1,573)
Public Safety			
Fire Protection	150,000	176,334	26,334
Police	6,000	4,193	(1,807)
Public Works			
Highways & Streets	55,061	27,819	(27,242)
Recreation and Culture			
Library	13,000	12,814	(186)
Interest		7,965	7,965
Other	11,500	9,835	(1,665)
TOTAL EXPENDITURES	<u>352,061</u>	<u>417,297</u>	<u>65,236</u>
Excess (Deficiency) of Revenues			
Over Expenditures	(10,061)	37,190	47,251
Other Financing Sources (uses)			
Reduction of Debt	(50,000)	(40,000)	10,000
Excess (Deficiency) of Revenues			
Over Expenditures and Other	(60,061)	(2,810)	57,251
Fund Balance July 1, 2003	65,093	79,291	14,198
Fund Balance June 30, 2004	<u>\$ 5,032</u>	<u>\$ 76,481</u>	<u>\$ 71,449</u>

The Notes to the Financial Statements are an integral part of this statement

Grant Township
Notes to the Financial Statements
June 30, 2004

NOTE 1 – REPORTING ENTITY

The entity is organized as a Township under the Auspices of Public Acts 33 and 57 of 1951. The purpose of the organization is to provide local government for the Township of Grant. The Township is governed by a Board, whose membership is comprised of a supervisor, treasurer, clerk, and trustees elected by general election in the township.

The financial statements of the Township include those of separately administered organizations that are controlled by or dependent on the Township. The criteria for including organizations within the Township's reporting entity, as set forth in GASB No. 14, "The Reporting Entity", is financial accountability. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the governing boards.

Based on the above criteria, there are no other organizations included in these financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial activities of the local unit are recorded in separate funds and account groups, categorized and described as follows:

Governmental Funds

General Fund – This fund is used to account for all financial transactions not accounted for in another fund, including general operating expenditures of the local unit. Revenues are derived primarily from local property taxes and state revenue sharing.

Fiduciary Funds

Trust and Agency Fund - This fund is used to account for the assets held in trust or as an agent for others, in this case for the collection of property taxes.

B. Basis of Accounting

All governmental funds utilize the modified accrual basis of accounting. Under this method, revenues are recognized when received in cash except for those susceptible to accrual, which are recorded as receivables when measurable and as revenue when available to finance current operations. Significant revenues susceptible to accrual include property taxes, expenditure reimbursement type grants, certain intergovernmental revenues, and operating transfers. Expenditures are recorded when the liability is paid, except for interest on long-term debt, which is recorded when incurred.

C. Budgets

As mandated by PA 621 of 1978, all Township funds are required to be under formal budgetary control. Budgets shown in the financial statements for those amounts contained in the formal budget approved and amended by the Township

Grant Township
Notes to the Financial Statements
June 30, 2004

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

PA 621 of 1978 Section 18 (1) as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted funds have been shown on a functional basis. The approved budgets of the Township of these budgetary funds were adopted at the activity level.

The budget is prepared by the Township Treasurer, together with the Township Supervisor. The budget is then presented to the Township Board for approval.

D. Total Column on Combined Statements

The total column on the Combined Balance Sheet, Exhibits I, are captioned for Memo Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, result of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

NOTE 3 – DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Legal or Contractual Provisions for Deposits and Investments

The Michigan Political Subdivision Act No. 20, Public Acts of 1943, as amended by Act No. 217, Public Acts of 1982, states the Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

- 1) In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- 2) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, which is a member of the Federal Deposit Insurance Corporation; or a savings and loan association, which is a member of the Federal Savings and Loan Insurance Corporation; or a credit union, which is insured by the National Credit Union Administration; but only if the bank, savings and loan association, or credit union complies with Subsection (2).
- 3) In commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standards rating services and which matures not more than 270 days after the date of purchase. Not more than 50% of the funds may be invested in commercial paper at any time.
- 4) In United States government or federal agency obligation repurchase agreements.
- 5) In bankers' acceptances of United States banks.

Grant Township
Notes to the Financial Statements
June 30, 2004

NOTE 3 – DEPOSITS WITH FINANCIAL INSTITUTIONS – continued

- 6) In mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

B. Types of Deposits and Investments

The Township complies with statutory requirements. The Township maintains all of its cash deposits with one financial institution, Huntington National Bank.

At June 30, 2004 the carrying amount of the Township's deposits (cash and certificates of deposit) was \$67,676. All deposits are with financial institutions, which carry FDIC insurance. At June 30, 2004 there was no amount uninsured of the Township's fund.

Balances at June 30, 2004 are as follows:

Checking	\$ 47,676
Certificates of deposit	\$ 20,000

NOTE 4 – PROPERTY TAXES

The Township is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of the levy year and are due on or before February 14.

The Township uses December 1 as its levy date and December 31 as its lien date. The Township has a taxable value of \$ 55,845,393 and a State Equalized Value of \$ 60,216,100. The Township collects taxes for the following school districts:

	Homestead <u>Millage</u>	Non-Homestead <u>Millage</u>
Montague	29.5964	47.5964
Shelby	27.8788	45.8788

NOTE 5 – FIXED ASSET GROUP

The following Fixed Assets were purchased by the Township. The Fixed Assets were recorded at cost.

Fixed Assets 7/1/03	\$ 1,064,903
Copier	2,900
Fixed Assets 6/30/04	<u>\$ 1,067,803</u>

Grant Township
Notes to the Financial Statements
June 30, 2003

NOTE 6 – EMPLOYEE PENSION PLAN

The Township has a defined pension plan with The Travelers Insurance and administered by Municipal Retirement Systems. The total payroll for the year ended June 30, 2004 was \$106,262.96 and the total covered payroll was \$59,223. The total cost to the township for the year was \$4,441.75 and the plan was fully funded at June 30, 2004.

NOTE 7 – ACCUMULATED UNPAID EMPLOYEES BENEFITS

The Township had no Accumulated Unpaid Employee Benefits at June 30, 2004.

NOTE 8 – RISK FINANCING AND RELATED INSURANCE

The Township participates in a commercial insurance plan, the Michigan Township Participation Plan and underwritten by JW Ryan. As of June 30, 2004, there were no known claims against the Township. The plan runs from April 1, 2004 through March 31, 2005 and is pre-paid. At June 30, 2004, there was a Pre-paid Insurance balance of \$9,362.

NOTE 9 – DEFERRED COMPENSATION

The Township had no Deferred Compensation liability as of June 30, 2004.

NOTE 10 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION

The Township has no Post-Employment Benefits Other Than Pension plan as of June 30, 2004.

NOTE 11 – LONG TERM DEBT

Long Term Debt payable to Shelby State Bank. The note is a construction loan and is secured by a real estate mortgage on property owned by the Township. The interest rate on this note is 3.5%. The amount of the credit line is \$500,000 and \$160,000 was the balance at June 30, 2004. The interest is payable monthly and the entire principal balance is due March 30, 2007.

NOTE 12 – ACCUMULATED FUND DEFICITS

The Township has accumulated positive fund balances in all the individual funds.

Grant Township
Notes to the Financial Statements
June 30, 2004

NOTE 13 – BUDGET VARIANCE

The Township incurred expenditures in excess of budgeted amounts for the period ended June 30, 2004, as follows:

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Legislative (TWP Board)	25,000	35,770	10,770
Treasurer	14,000	16,555	2,555
Assessor	12,500	14,000	1,500
Clerk	14,000	16,412	2,412
Building & Grounds	27,000	83,306	56,306
Fire Protection	150,000	176,334	26,334
Interest		7,965	7,965